

2010 Property Tax-Related Legislation

April 12, 2010

HJR 2 Joint Resolution on Property Tax Exemption for Water Facilities

Effective 1/1/11 if approved on Nov 2010 election ballot

This joint resolution proposes to amend the Utah Constitution to enact a property tax exemption for (1) water rights, reservoirs, pumping plants, ditches, canals, pipes, flumes and other infrastructure owned by a nonprofit entity and used within the state to irrigate land and provide domestic water; (2) land occupied by an exempt reservoir, ditch, canal, or pipe if the land is owned by the nonprofit entity that owns the reservoir, ditch, canal, or pipe; and (3) land immediately adjacent to an exempt reservoir, ditch, canal or pipe if the land is owned by the nonprofit entity that owns the reservoir, ditch, canal, or pipe and is reasonably necessary for the maintenance or for otherwise supporting the operation of the reservoir, ditch, canal or pipe. HB 54 is enabling legislation tied to this constitutional amendment.

HB 54 Property Tax Exemption for Water Facilities

Effective 1/1/11 if HJR 2 is approved on the Nov 2010 ballot

This enabling legislation essentially repeats the property tax exemption for water facilities as stated in HJR 2. In addition, it defines “domestic water” to mean water used for a residential or commercial application, **including the outdoor watering of vegetation**. “Other water infrastructure” means property, other than a reservoir, pumping plant, ditch, canal, pipe, or flume, whose use is physically necessary in the production, treatment, storage or distribution of water.

HB 219 Delinquent Property Tax Amendments

Effective 7/1/10

The penalty imposed on delinquent property taxes increases from 2% to 2.5%. However, if the delinquent tax and the penalty are paid on or before January 31 immediately following the delinquency date, the penalty is only 1% of the amount of the delinquent taxes or \$10, whichever is greater. The delinquent property tax interest rate calculated on January 1 can be no less than 7% and no more than 10%.

HB 259 Property Tax Amendments

Effective 5/11/10

This legislation modifies the following provision relating to property tax:

- (A) Under certain circumstances, a first through third class county assessor must be a state-licensed or state-certified appraiser **prior to filing** for office. Allows the county legislative body to fill a county assessor vacancy and requires the person filling the vacancy to be a state-licensed or state-certified appraiser **before** assuming office.
- (B) By January 1, 2014, third class counties and by January 1, 2015 fourth, fifth and sixth class counties are required to conduct annual updates of property values using a CAMA system.
- (C) Multicounty assessing and collecting funds withheld from a county for failure to comply with statutes are to be placed in the Multicounty Appraisal Trust.
- (D) Multicounty assessing and collecting (A&C) levy-- alters the maximum and minimum amounts that a contributing county can give (depending upon the size of the county). Beginning in Jan 2010, the first class county A&C levy is to be the same rate as for all other counties; also, the additional .000010 levy required of 2nd through 6th class counties was removed. It eliminated the requirement for a 2nd and 3rd class contributing

county to reduce its additional property tax rate by .000005. Also, the distribution formula for A&C multi-county revenues was altered; however, this is administered by the State Auditor's Office.

- (E) Information is to be added to the "Notice of Property Valuation and Tax Changes" by requiring (1) the notice to indicate the dollar amount of a taxpayer's liability in the prior year and the dollar amount of the liability under the current rate, and (2) the notice to indicate for an entity going through TNT, (a) the dollar amount of the taxpayer's liability if the proposed increase is approved; (b) the difference between the dollar amount of the taxpayer's liability if the proposed increase is approved and the dollar amount of the taxpayer's liability under the current rate; this information is to be placed on the "Notice" in close proximity to the time and place of the required entity public hearing and (c) the percentage increase.
- (F) A decrease in redemptions as reported on the county treasurer's final annual settlement does not apply to the A&C, certified revenue, or the school minimum basic tax levies.
- (G) The time period within which a taxpayer may appeal the value of personal property is modified to May 15th (expiration of the time for filing a personal property signed statement under Section 59-2-306) or 60 days after the mailing of the signed statement. The county legislative body has 60 days to render a written decision on the personal property appeal.

HB 265 Real Property Amendments

Effective 5/11/10

Requires county assessors to consider certain factors relating to a golf course or hunting club and neighboring property that affect the fair market value of the golf course or hunting club; i.e., value that transfers to neighboring property, practical and legal restrictions on development potential and the history of operation as well as the likelihood that the present use will continue into the future.

HB 278 Government Records Access & Management Act Amendments

Effective 5/11/10

A record is to be produced in electronic format provided the entity currently maintains the record in electronic format and does not disclose records exempt from disclosure, or that may be segregated to protect nondisclosable information without undue expenditure of public resources or funds. Within five business days, a governmental entity is to inform a person requesting an expedited response that it has determined the request does not qualify for an expedited response.

HB 279 County Recorder Amendments

Effective 5/11/10

A plat may not be submitted to the county recorder for recording unless each land record owner described on the plat has properly signed and dedicated the plat. Tenants holding title as community property are considered to be joint tenants. A person who reexecutes and rerecords a document under Section 57-3-106 (8) or (9) is to include with the document or affidavit a notice with the name and address to which real property valuation and property tax notices are to be mailed. **A boundary action is not effective for assessment purposes until the required documents are recorded by the county recorder of each county in which the affect area is located.**

HB 295 Expanded Uses of School District Property Tax Revenue

Effective 5/11/10

Allows a local school board to use proceeds of the capital outlay levy for maintenance and operations in FY 2011 and FY 1012. School boards are only allowed to do this if proceeds are not committed or dedicated to pay debt service or bond payments. If capital outlay funds are used this way, the school board is required to notify property owners of this use of general fund money at the budget hearing prior to the board's budget hearing wherein the school board adopts a budget and makes appropriations for the next fiscal year. These proceeds are not to be used to fund support services for general district administration or central services.

HB 302 Minor Adjustments to County Boundaries

Effective 5/11/10

For purposes of real property tax assessment and county record keeping, counties sharing a common boundary may adjust a boundary to a sufficient distance to reach to, and correspond with, the closest existing property boundary of record. However, a boundary adjustment may not create a boundary line that divides or splits an existing parcel, an interest in the property or a claim of record of either county recorder sharing the common boundary.

HB 316 Disabled Veterans Property Tax Exemption Amendments

Effective 5/11/10

Clarifies that the Department of Veterans' Affairs is to resolve disputes pertaining to a veteran's status as a disabled veteran and allows an unemployability factor in determining the veteran's disability percentage. Also, it clarifies that a person honorably discharged from US military service is presumed to be a US citizen and not required to provide additional proof of citizenship.

HB 335 Utility Related Exemptions

Effective 5/11/10

Certain entities providing electricity to certain owners and creditors are not considered an electrical corporation or public utility under Title 54, Public Utilities and exempts from various regulatory provisions electricity provided to certain owners and creditors. This legislation does not affect the property tax assessment of current taxpayers who are considered public utilities.

SB 89 Legal Notice Amendments

Effective 5/11/10

For property tax purposes, all TNT advertisements are to be published on the Utah Public Notice Website (pmn.utah.gov), in addition to the website established by the collective efforts of Utah's newspapers (Utahlegals.com). Also, county auditors are to publish the consolidated advertisement of TNT public hearings on both websites.

SB 97 Farmland Assessment Act Amendments

Effective 5/11/10

Allows land that qualifies for FAA assessment and is also subject to a forest stewardship plan to be assessed on the basis of agricultural use.

SB 124 Military Installation Development Authority Modifications

Effective 3/2/10

The Military Installation Development Authority is authorized to impose a resort community's tax (but not an additional resort community's sales tax) and contract with the federal government, a public entity or other authorized source. Land within a project area is exempt from certain state law, ordinances or regulations. Under certain circumstances, the authority is authorized to include up to 150 additional acres of public or private land in a project area that is not contiguous to

military land. The board determines by resolution when an entire project area or an individual parcel within a project area is subject to tax increment. The authority's use of municipal services revenue is amended and funds received by the authority are designated to be nonlapsing.

SB 125 Intangible Property Amendments

Effective 5/11/10

For property tax purposes, the definition of "intangible property" is expanded to include a renewable energy tax credit or incentive including federal renewable energy tax credits or incentives.

SB 172 Local District Taxing Authority Amendments

Effective 5/11/10

The service a local district may provide was expanded to include the construction and maintenance of various rights-of-way. After January 1, 2011, this legislation generally prohibits local districts from levying and collecting a property tax that exceeds the certified tax rate unless (1) the revenue from the property tax was pledged on or before 1/1/11 to pay for bonds, (2) all or a majority of board of trustees members are elected officials or (3) the tax increase has been approved by a majority of the voters in the district. Members of a metropolitan water district board and a water conservancy district board cannot collect property tax revenue after January 1, 2015 exceeding the certified property tax rate unless members are elected officials or if the increase has been approved through an election or by the organizing entity.

SB 175 School District Capital Outlay Equalization Amendments

Effective 1/1/10

This legislation has retrospective operation to January 1, 2010. For FY 2011 and FY 2012, it allows local school boards to use revenue collected from certain capital property levies for certain general fund purposes but requires the school board to notify the public of such action. It requires Salt Lake county school districts receiving equalization revenues to report to the Legislative Education Interim Committee each year. The Committee is to consider these receiving school district reports when determining whether to reauthorize certain capital outlay levy equalization programs during a sunset review. Beginning December 31, 2016, the following property tax statutes are repealed: Subsection 59-2-924(3)(g) pertaining to the capital outlay levy described in Section 53A-16-107; Section 59-2-924.3 pertaining to the adjustment of the calculation of the certified tax rate for a school district imposing a capital outlay levy in a 1st class county and Section 59-2-924.4 pertaining to the adjustment of the calculation of the certified tax rate for certain divided school districts.

SB 197 Community Development & Renewal Agency Amendments

Effective 5/11/10

CDRA provisions are amended as follows: (1) Expands a public entity's authority to assist with a project; (2) Requires a notice of urban renewal project area plan adoption or notice of the sale or other disposition of agency property to be published in a newspaper of general circulation within the agency's boundaries and posted on the Utah Public Notice Website; (3) Expands the allowable use of tax increment and sales tax to include environmental remediation activities occurring before or after adoption of the project area plan and to reimburse DOT or a public transit district for the cost of construction of a public road, bridge or overpass and relocation of a railroad track or facility with an urban renewal project area; (4) Authorizes, under certain conditions, an agency to loan tax increment from one project area fund to another project area fund; (5) Requires a licensed attorney to certify a project or economic development

project area budget or any amendments thereto; (6) Prohibits, under certain circumstances, a person from contesting a project area budget or an amendment to a project area budget or contesting a resolution or interlocal agreement adopted by a taxing entity or public entity; (7) Allows a successor taxing entity to enforce a resolution or interlocal agreement; (8) Requires DOT to cooperate with CDRA's in the construction, maintenance and use of highways and in all related matters.

SJR 15 Master Study Resolution

Effective 5/11/10

Identifies for the Legislative Management Committee items of study it may assign to the appropriate committee during the 2010 legislative interim. Property tax-related items include:

HB 61 and HJR 7 Real Property Sales Information—to study whether a buyer in a real property sale should be required to provide information relating to the sale to the Multicounty Appraisal Trust.

SB 87 School Property Tax Equalization—to study whether to repeal the requirement to impose and distribute certain school capital outlay property tax revenues in school districts within a first class county or divided school district.

HB 218 Municipal Disincorporation—to study changes to statutory provisions governing the disincorporation of a municipality.

District Taxing Authority—to study the taxing authority for water conservancy districts.

HB 182 Property Tax Exemption—to study whether to change certain qualifications for the residential property tax exemption.

HB 322 Property Tax Valuation—to study whether to change the valuation of certain property under the Property Tax Act.

Tax Notice Modifications—to study whether tax notices should be modified to provide more information, including the percentage of increase or decrease, the date and type of approval, and the time and location of public hearings.

SB 197 Community Development and Renewal Agency—to study various revisions to community development and renewal agency statutes, including the allocation of 20% of tax increment for housing.

Military Installation Development Authorities—to study military installation development authorities—what they are and the extent of their powers.